

Introduced by Senator Dutton

February 17, 2006

An act to amend Section 23400 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 1333, as introduced, Dutton. Corporation taxes: "S" corporations.

The Corporation Tax Law imposes an alternative minimum tax on all banks and corporations that are not otherwise exempted from that tax. The Corporation Tax Law, in modified conformity to federal income tax laws, provides for passthrough treatment of income and other items with respect to a California corporation that elects to be treated as a corporation formed in accordance with subchapter S of the Internal Revenue Code, commonly referred to as an "S" corporation. Existing law provides that a California corporation that elects to be treated as an "S" corporation is not subject to the alternative minimum tax imposed under the Corporation Tax Law.

This bill would make technical nonsubstantive changes to the provisions that exclude an "S" corporation from the imposition of the corporate alternative minimum tax.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 23400 of the Revenue and Taxation
- 2 Code is amended to read:

1 23400. (a) Part VI of Subchapter A of Chapter 1 of Subtitle
2 A of the Internal Revenue Code, relating to alternative minimum
3 tax, shall apply, except as otherwise provided.

4 (b) A corporation electing under Chapter 4.5 (commencing
5 with Section 23800) to be treated as an ~~“S corporation”~~ shall “S”
6 *corporation* is not be subject to the tax imposed by this chapter.